

### Freddie Says Restatement Affects Pre-2000 Results

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#### Reuters News

WASHINGTON - The chief financial officer of Freddie Mac (FRE.N), the No. 2 U.S. mortgage finance company, said on Tuesday financial results for periods before 2000 will be affected by a restatement of results.

In prepared remarks to a congressional committee, Martin Baumann said: "Freddie Mac's financial results for periods prior to 2000 will also be affected by the restatement. The impact of these corrections for periods prior to 2000 will be reflected as an adjustment to the beginning balance of retained earnings as of January 1, 2000."

Freddie Mac said last month it would restate earnings for 2000, 2001 and 2002 upward by as much as \$4.5 billion stemming largely from its accounting for derivative contracts.

Freddie Mac's outside directors have hired the law firm of Baker Botts to probe accounting errors underlying the restatement. Baumann said a report from the firm may be released "possibly as early as tomorrow."

The House of Representatives Commerce, Trade and Consumer Protection Subcommittee convened a hearing on some of the accounting standards, as defined by the Financial Accounting Standards Board, at the heart of Freddie's restatement.

"The turmoil at Freddie Mac has put FASB's rules once again in the spotlight," said Rep. **Janice Schakowsky**, an Illinois Democrat, in opening remarks at the hearing.